



# Petroleum Market Report

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Energy Information Administration  
Office of Oil & Gas

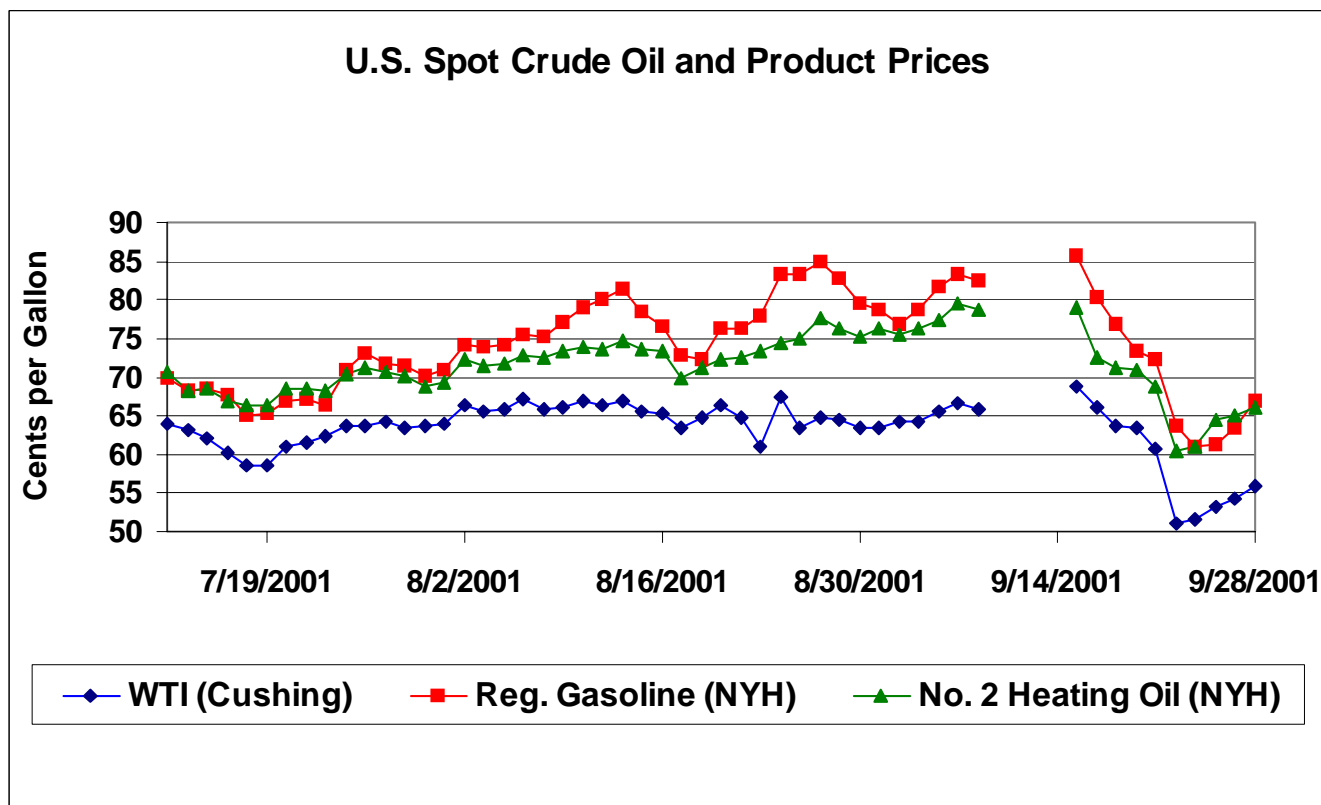
## MARKET SUMMARY

OPEC convened in Vienna this week to discuss the production quota and OPEC basket price. The cartel chose not to decrease its production quota despite slipping crude oil prices. However, later in the week, OPEC President Chakib Khelil reiterated that the cartel will defend its \$22-\$28 price band, which lent support to sagging prices. At the beginning of the week, crude and product futures prices were at their lowest since 1999. Large increases in gasoline stocks may indicate a reduction in travel, as uncertainty about future gasoline supplies fluctuates with speculation about the imminent conflict.

**Crude oil** - the market made gains at end of the week, as many analysts felt that prices were well below what was technically warranted. Light, sweet November crude was down \$2.54 for the week, ending at \$23.43 per barrel.

**Gasoline** - NYMEX gasoline moved upward on Thursday and Friday, regaining some earlier losses. October gasoline ended down 4.16 cents for the week, finishing at 67.99 cents per gallon.

**Distillate** - NYMEX heating oil finished lower for the week, despite making gains on Friday. Heating oil ended at 66.35 cents per gallon, down 4.52 cents from the previous week.



## ***CHRONOLOGY OF RECENT MARKET EVENTS***

- 9/28- rising-** crude and product futures prices rose in response to statements from OPEC about possible future production cuts. Reports that Saudi Arabia may allow the U.S. to use its bases to launch military attacks added to the upward price pressure.
- 9/27- rising-** crude prices increased after OPEC president Chakib Khelil stated that the cartel will defend its \$22-\$28 price band. NYMEX products followed crude's lead.
- 9/26- mixed-** crude and product futures stabilized and made gains. OPEC ministers decided to leave quotas at their current levels. Both government and industry data showed large increases in gasoline stocks for the week ending September 21.
- 9/25- mixed-** crude and gasoline prices continued to fall, while heating oil regained some ground. OPEC met in Vienna to discuss the production quota and OPEC basket price in view of the terrorist attacks on the United States.
- 9/24- falling-** crude and product futures plunged as OPEC officials began gathering for a meeting in Vienna. Crude futures were at their lowest since September 1999, while gasoline and heating oil hit their lowest levels since July and November 1999.
- 9/21- falling-** prices ended the week by continuing to move down. Some analysts predict that the decrease in air travel may lead to greater demand for gasoline, as people substitute driving for flying.
- 9/20- mixed-** losses were less severe as Fed Chairman Alan Greenspan stated that although the U.S. might suffer short term losses, long-run economic prospects "have not been significantly diminished."
- 9/19- falling-** crude prices continued to fall on fears of weakening demand. OPEC stated that oil supplies will be guaranteed in the event of any upcoming conflicts. Heating oil and gasoline may feel downward pressure as refiners switch from jet fuel to other products.
- 9/18- falling-** energy futures continued to fall as fears of an imminent recession and reduced jet fuel demand weighed heavily on traders' minds in the wake of Monday's drop in the financial markets.
- 9/17- falling-** crude and product prices dropped as trading resumed for the first full day after the attacks. Prices were down in part because of a report, which was later denied, that a Kuwaiti oil minister said OPEC was willing to accept a \$20-\$22 per barrel price band for oil.
- 9/14- market closed-** NYMEX reopened for a few hours of electronic trading before technical problems cut the session short. Crude and products were bullish during the short trading period.
- 9/11-9/13- market closed-** U.S. petroleum market activity was limited last week following the attack, with the temporary closure of the New York Mercantile Exchange (NYMEX) leaving domestic spot markets without their usual benchmark futures prices.
- 9/10- mixed-** NYMEX crude and products were down as profit taking was the main influence in a day of little market moving news. The Qatari Oil Minister stated that OPEC was unlikely to increase oil production in the fourth quarter.